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**FISCAL IMPACT STATEMENT**

**LS 7377**

**BILL NUMBER:** HB 1314

**NOTE PREPARED:** Mar 22, 2013

**BILL AMENDED:** Mar 21, 2013

**SUBJECT:** Proprietary Education.

**FIRST AUTHOR:** Rep. Clere

**FIRST SPONSOR:** Sen. Kruse

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
X **DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill provides that the executive officer of the Commission for Higher Education (Commission) may develop procedures for authorizing out-of-state public and not-for-profit degree granting institutions to offer instructional or educational services or training in Indiana.

The bill adds a definition of "degree granting".

The bill requires an out-of-state public or not-for-profit degree granting institution seeking to offer instructional or educational services or training in Indiana to receive authorization from the executive officer of the Commission to provide instructional or educational services in Indiana.

The bill provides that a person may not do business as a degree granting institution in Indiana unless: (1) the institution is accredited by an accrediting agency recognized by the United States Department of Education or is seeking and progressing toward accreditation by an accrediting agency recognized by the United States Department of Education; or (2) the institution is a religious institution that offers educational instruction or an educational program of a clearly religious nature.

The bill provides that the Board for Proprietary Education may join interstate reciprocity agreements, and authorize an institution to operate in Indiana, if the institution and the state in which the institution's principal campus and institutional accreditation is located are members of the interstate reciprocity agreement.

The bill also transfers rulemaking authority regarding the regulation of postsecondary proprietary institutions from the State Workforce Innovation Council to the Department of Workforce Development (Department).

It changes references to "accreditation" to "authorization" in provisions relating to administration of postsecondary credit bearing proprietary institutions. Repeals the definition of "accreditation", and adds a definition of "authorization". The bill also makes changes to the definition of "postsecondary credit bearing proprietary educational institution".

The bill repeals requirements for the issuance of agent permits. It repeals the definition of "agent's permit".

The bill provides that a person who knowingly and intentionally makes certain misrepresentations regarding a postsecondary credit bearing proprietary educational institution is subject to action by the Attorney General's Office for making a deceptive consumer sale.

The bill requires the Department, in consultation with the Commission, the Department of Education, the office of the Secretary of Family and Social Services, and any other agency the Department determines is necessary, to produce an annual report regarding the state's middle skill credentials awarded. It also requires public and private institutions of higher education, private occupational schools, a community college, area vocational schools, high school vocational programs, apprenticeship programs, and other public or private workforce training programs to provide the information required for the report to the Department.

**Effective Date:** (Amended) Upon passage; July 1, 2013.

**Explanation of State Expenditures:** The Board for Proprietary Education (Board) and the Workforce Innovation Council (Council) should be able to implement the changes within their current budget appropriations. The bill would require a degree-granting proprietary educational institution to be accredited by an accrediting agency recognized by the United States Department of Education unless they are an institution that exclusively offers instruction of a clearly religious nature. These institutions would now apply to the Board or Council to be authorized (instead of accredited) to operate in Indiana. These provisions could simplify the administration process for these entities.

The bill also that makes it a violation for a person who knowingly and intentionally makes certain misrepresentations regarding a postsecondary credit bearing proprietary educational institution. This violation is subject to action by the Attorney General's Office (AG) for making a deceptive consumer sale and should have minor fiscal impact on the AG.

The elimination of an agent's permit could reduce some administrative costs since the permit would no longer be issued. The impact is probably minor.

The bill allows the Board for Proprietary Education to join an interstate reciprocity agreement and authorize an institution to operate in Indiana, if the institution and the state in which the institution's principal campus and institutional accreditation is located are members of the interstate reciprocity agreement. This change could reduce the cost of authorizing some institutions to operate in Indiana.

(Revised) The Department should be able to develop and produce the annual report regarding the state's middle skill credentials awarded with their current resources.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Board for Proprietary Education, Department of Workforce Development, Commission for Higher Education.

**Local Agencies Affected:**

**Information Sources:**

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